

REPORT FOLLOW-UP

AGENCY: DIVISION OF BUILDING SAFETY

On July 20, 2005, the Legislative Services Office released a Management Report on Internal Control for the Division of Building Safety for fiscal years 2002, 2003, and 2004. The Division was contacted on January 3, 2006, and this follow-up report addresses how it has responded to the one finding and recommendation contained in that report.

STATUS OF RECOMMENDATIONS:

FINDING #1 – The Division did not follow State purchasing rules and good project development procedures when it enhanced its computerized receipting system.

The Division entered into a contract to enhance its computerized receipting system without obtaining bids as required by State rules. The contract did not cover all the work completed; did not specify the expected deliverables; and did not include other items, such as a retainage clause and penalties for lack of performance. Also, the Division did not document project specifications or develop a work plan to include processes for managing project changes, troubleshooting issues, or formal training. Good contract and project management procedures protect the Division and help ensure that the work is completed in a timely manner.

We recommended that before proceeding with new information technology projects, the Division document project specifications, comply with State contracting rules, and ensure contracts contain provisions for all deliverables. We also recommended that the Division ensure there are retainage and penalty clauses, and develop a project work plan that includes processes to manage troubleshooting, project changes, and formal training.

AUDIT FOLLOW-UP – The Division has contacted the State Division of Purchasing to ensure that all future acquisitions and computer enhancement projects are completed in accordance with State purchasing rules and laws. The Division also had an in-depth review of its new computerized receipting system completed by an independent third party, who found that there are critical security weaknesses and that standard computer programming conventions were not followed. Critical weaknesses are currently being addressed and the Division has placed its contract with the original vendor on hold. The Division is currently working with computer programmers from the Department of Commerce and Labor to fix critical errors caused by inadequate design and programming.

STATUS – CLOSED